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SUMMARY RECORD OF THE 4th MEETING

Chairman:	Mr. PIRIZ-BALLON	(Uruguay)
later:	Miss DIOP (Vice-Chairman)	(Senegal)
later:	Mr. PIRIZ-BALLON	(Uruguay)

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The meeting was called to order at 10.20 a.m.

ORGANIZATION OF WORK

1. The CHAIRMAN informed the Committee that its revised programme of work, had been issued as document A/C.2/47/L.6. He noted that he had invited Mr. Enrique Iglesias, Director of the Inter-American Development Bank, to participate in a first informal exchange of views with delegations of the Second Committee.

GENERAL DEBATE (continued)

2. Mrs. FRECHETTE (Canada) said that her country, firmly convinced that the United Nations had a central role to play in the economic sector, was more than ready to participate in the collective task of defining a programme in that field which reflected the realities of the present day and would make it possible to meet the challenges of tomorrow. The economic sector of the United Nations had not yet benefited from the new impulse which the end of the cold war had brought to the sector of peace and security. It was essential for the United Nations to define the basic issues of development and economic cooperation. To do so, the Organization must concentrate its efforts on those functions which it alone was mandated to exercise. Without trying to alter the mandates of GATT, IMF, the World Bank or the regional banks, the United Nations could, as a world-scale political body, bring into focus the global economic challenges by making sure that economic and social issues, particularly those of the developing countries, remained at the centre of the international strategies and priorities of Governments.

3. Two major events had taken place in the course of the year just gone by: first, UNCTAD at its Cartagena meeting, had adopted a programme specifically tailored to the needs of the developing countries. Secondly, progress had been made at the most recent session of the Economic and Social Council, and it was Canada's hope that at the corresponding session next year more ministers would take part.

4. With the restructuring and revitalization of the economic sector as its target, the Committee should start its work by taking as its point of departure resolution 45/264, which had had the merit of raising the real questions and setting the problems out in order, with its references to the division of labour between the General Assembly and the Economic and Social Council, the need to review the role of the Council, the complementarity of the work of the subsidiary organs and institutions, and the role of the Secretariat. Canada attached high priority to reforming the development system of the United Nations. Such a reform should give the Economic and Social Council a role of political orientation and encouragement by assigning it powers to direct the bodies concerned with development, to redefine the governing bodies of the agencies in order to refocus their attention on the operational aspects and on programme implementation and, lastly, to review the

(Mrs. Frechette, Canada)

structure of coordination in the field with regard both to the appointment of a resident coordinator and integrated country programming. Those elements, together with adequate, stable and predictable financing, could increase the value of the system and its capacity to react. Canada hoped that consensus would be achieved on those proposals at the forty-seventh session.

5. At the Rio Summit, the international community had rallied to the principle of sustainable development, the cornerstone of Canadian policy regarding cooperation and development. The interest aroused by the follow-up to that conference showed how eager Governments and the United Nations were to give form and specific content to that principle. The new Commission on Sustainable Development should be established without delay and endowed with a programme and methods of work which would enable it to provide effective and dynamic follow-up to the Rio decisions. The non-governmental organizations should be actively associated in the Commission's work. In that context, Canada recalled the agreement at Rio on convening an international conference on deep-sea fishing.

6. Regarding the humanitarian assistance sector, Canada believed the establishment of the post of United Nations Emergency Relief Coordinator to be very useful. The Department of Humanitarian Affairs had had little time to show what it could do and lacked the resources to exercise fully its mandate not only to respond to but also to predict emergencies. The delay, which current conditions made it impossible to overcome, was aggravated by the poverty, ethnic tensions and natural disasters, which gave rise to waves of refugees and uncontrolled movements of population. The gravity of those problems demanded still closer coordination between United Nations agencies, non-governmental organizations and the whole international community, and full support for the Coordinator.

7. Food and agriculture were part of the main sectors of operational activity that required restructuring. A distinction must be established between the advisory, analytical and research functions of a "new-style" World Food Council and the vital functions of coordination and provision of impetus that should be assumed by a revitalized Economic and Social Council, supported by a strong Secretariat. There again, the functional structure must be better defined, a clear distinction made between the decision-making and the executive level, and action taken to see that the Secretariat had an overall view of the system. Canada was convinced that, with the proposed reforms put into effect, the system could be improved. The Secretariat should play a crucial role in pursuit of the objectives of the revitalization of the economic sector. Those objectives would be better served if the Department of Economic and Social Development were to concentrate its efforts on internal coordination, analysis and research and on the support it should provide to the Economic and Social Council and leave the task of technical cooperation to other United Nations bodies. The Department should be distinguished by its intellectual leadership rather than the number of its activities. General Assembly resolution 45/264 recalled that the socio-economic goals of the

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United Nations would remain unachievable in the absence of political will, which was an essential prerequisite for enhancing international cooperation. Only such cooperation would make possible a real revitalization of the system based on a common determination to strengthen the credibility, relevance and performance of the United Nations economic machinery. Frustrations and delays demanded that it should be done immediately. In the opinion of the Canadian delegation, priority should be given to the restructuring so that the multilateral system could properly serve the collective will of all States.

8. Mr. MUCHANGA (Zambia) said that the end of the cold war, along with the critical issues of racial justice, human rights, democracy and sustainable development were defining a new era of international relations which pointed to the primacy of economics over ideology. The world of today would have to arrive at behaviours and mechanisms based on cooperation in order to build a world of mutual accommodation and full participation in common endeavours. That was the only way to entrench universal appeals towards racial justice, democracy, human rights and economic adjustment.

9. The United Nations New Agenda for the Development of Africa in the 1990s was a new attempt to galvanize international responsibility, something which had not been achieved through the United Nations Programme of Action for African Economic Recovery and Development. Through the New Agenda, the international community was attempting to banish the spectre of poverty now confronting much of Africa, host to 32 of the world's 47 least developed countries. As the Secretary-General had pointed out, Africa was the only region in the world where the number of people living in poverty was, if current trends continued, likely to increase by the year 2000. The severe global recession and the absence of broadly based economic growth in Africa had reduced the demand for labour and brought about a breakdown of social services, all of which did not augur well for recovery. Putting Africa back on the road to sustainable development went beyond simple generosity and would be a direct contribution to protecting the continent's environment, for the benefit of the entire planet. It was therefore to be hoped that the international community would adopt a more responsive attitude to the social, economic and ecological crises facing Africa.

10. The Secretary-General had further stated that Africa was the only region in the world whose total debt equalled or exceeded its economic output. Through debt-reduction packages, the international community could redress Africa's economic plight, support the economic reform processes currently under way and improve the continent's economic prospects.

11. The severe drought conditions prevailing in southern Africa had had a negative impact on the socio-economic base of the region, while efforts to increase food production had been significantly eroded, and the physical environment had been made more fragile. His Government was grateful for the emergency humanitarian and relief assistance that had been provided to southern Africa.

(Mr. Muchanga, Zambia)

12. The drought conditions in southern Africa, however, had not stopped the region from establishing conditions favourable for peace. The people of Angola had recently finished democratic elections which by most accounts would be certified free and fair, and it only remained for all political forces to respect the will of the people. The people of Mozambique would soon enter a new era of harmony with the signing of the cease-fire agreement on 4 October 1992. The resumption of dialogue among the political forces in South Africa had improved the prospects for eliminating apartheid.

13. Southern Africa had also made progress in the area of economic integration. The creation of the Southern African Development Community to replace the Southern African Development Coordination Conference (SADCC) had established obligations relating to issues of human rights, democracy and economic policy coordination among Member States. Thus, the people of southern Africa would be in a stronger position to determine the direction of economic integration. The drought situation in southern Africa had highlighted the weaknesses of the region's agricultural bases and of the transport and communication systems, and had led to the creation of structures that would promote the development process. Zambia, as current Chairman of the Preferential Trade Area for Eastern and Southern African States, had stressed the need to eliminate duplication of efforts in the field of regional integration. It had felt that the merger of the Preferential Trade Area and the former Southern African Development Coordination Conference was necessary. As the Organization of African Unity began to tackle the critical issue of creating an African Economic Community, the goal of unifying regional integration bodies would be central to any future strategy of developing harmonized African markets and creating dynamic and long-term economic relationships among African economies.

14. In October 1992, the people of Zambia had shown its devotion to democracy by holding peaceful, free and fair elections. Immediately after the elections, it had embarked on a complex task of economic reconstruction. The international community had responded by providing aid commitments that fully met requirements for the year ahead, including those related to the drought situation. The members of the Paris Club had also agreed to debt write-offs and rescheduling arrangements that embodied reduced interest rates and extended maturities.

15. Consolidating democracy while at the same time carrying out painful structural adjustment measures was a complex process without historical precedent. In Zambia, the structural adjustment had increased the economic insecurity of vulnerable groups. These groups had used their guaranteed freedoms to demand wage increases. A wave of strikes had paralysed the country for three months and had dampened business confidence. In order to assuage the well-founded fears of those groups and, in the process, keep the economy working, the Government had established a system of targeted transfers and safety nets that would mitigate the impact of adjustment. The Government would, in 1994, also undertake a poverty assessment with a view to remedying

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the situation. The Government realized, just as the Secretary-General had, that poverty was infertile soil for democracy.

16. The lesson of experience was that the nations of the world brought to the United Nations and to other multilateral forums problems that no single nation could handle on its own. One important lesson of the Gulf war had been that it was possible to realize collective goals through the United Nations. The problems of development called for more than a feeble dialogue; sustainable development must become a challenge to be met and overcome on a universal scale. The international community must think anew and act anew about cooperation in order to enhance the prospects of growth and empowerment in the now distressed developing world, where four fifths of the world's population cried out for shared economic progress. Without equity in the international economy, the environment would be the common victim. There was no more compelling truth to motivate the international community to reshape international cooperation through a harmonious and constructive North-South dialogue.

17. Mr. MARUYAMA KOIKE (Japan) said that it had now become possible to discuss development in the forums of the United Nations without engaging in ideological debate; as the majority of Member States were shifting to market-oriented economies, it was also possible to proceed in a pragmatic manner. That change had coincided with the emergence of the idea of sustainable development, based on the idea that environmental protection was an integral part of the development process, which had been universally adopted at the United Nations Conference on Environment and Development in Rio de Janeiro. The forty-seventh session of the General Assembly must establish a framework for following up the achievements of the Rio Conference. In order to meet expectations in the economic and social fields, the United Nations must revitalize and restructure its system. That was one of the most important items on the agenda of the current session.

18. The World Economic Survey showed that economic performance had varied: while aggregate output for the developing countries had maintained a growth rate above 3 per cent, the growth rate of developed market economies had slowed from 2.6 per cent in 1990 to 0.9 per cent in 1991. The economies in transition had shown a negative growth rate of about minus 16 per cent, while the Latin American and Caribbean region had shown a positive growth rate of around 2.6 per cent, and South and East Asia had continued to grow rapidly, at a rate of over 5 per cent. Those achievements were attributable in part to the implementation of stabilization and restructuring measures designed to encourage private initiative. The Latin American and Caribbean countries had succeeded in curbing inflation, while the South and East Asian economies had achieved an increased volume of exports and robust domestic demand. Many severely indebted countries were becoming more creditworthy, and the poorest countries had received new concessions. Special extended rescheduling terms had been accorded to 13 of them.

(Mr. Maruyama Koike, Japan)

19. The international community should continue to support the efforts of the developing countries. The developed countries, particularly the major ones, must achieve economic recovery through balanced monetary and fiscal policies. In the wake of the cold war, strong world economic growth was needed. Non-inflationary growth in industrialized countries would contribute to growth in developing countries. It was also crucial to bring the Uruguay Round and the negotiations on the replenishment of the resources of the International Development Association (IDA) to an early and successful conclusion. Likewise, it was extremely important for not only the health of the world economy but also world political stability and security that the countries of the former Soviet Union and Central and Eastern Europe succeed in their economic transition. That transition would require time and tenacity, and the international community should provide appropriate assistance. Two ministerial-level conferences had been held for the purpose of coordinating humanitarian and technical assistance to the former Soviet Union: one in Washington in January and the other in Lisbon in May. A third was scheduled for Tokyo in October.

20. Enormous problems persisted in many African countries, particularly in the sub-Saharan region, where poverty had been exacerbated in recent years by explosive population growth, desertification and the influx of refugees and displaced persons. Total output had grown by 3 per cent in 1991, but population had grown faster. In eastern and southern Africa, drought had cut food production by nearly half. It was essential that the United Nations continue to give Africa top priority and maintain the momentum that had led to the adoption, at the forty-sixth session of the General Assembly, of the New Agenda for the Development of Africa in the 1990s. In order to assist development in Africa, particularly in the sub-Saharan region, and to increase awareness of that issue, the Japanese Government planned to host a conference for the development of Africa in Tokyo in the autumn of 1993.

21. The concept of sustainable development promoted at the Rio Conference was based on the need to reconcile development and environmental protection. Population was a key factor in the struggle to achieve sustainable development. In many instances, population growth had negated the impressive progress that developing countries had made in increasing income and expanding health and education services. Because population growth was closely linked to the degradation of the environment, there could be no hope of breaking the vicious cycle of poverty, economic stagnation and environmental degradation unless appropriate population policies were built into development programmes.

22. In that context, the International Conference on Population and Development, to be held in Egypt in September 1994, was of the greatest importance. As part of the preparatory process, Japan wished to host a meeting of eminent demographers with the cooperation of the United Nations Population Fund and the United Nations University.

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23. In accordance with resolution 45/264, the General Assembly would be taking up the issue of the restructuring and revitalization of the United Nations in the economic, social and related fields. It would also be discussing the reform of the Economic and Social Council, particularly with respect to its operational activities, and would be taking decisions on the establishment of a Commission on Sustainable Development and on other issues involving the role and functions of the Council. Whether the subject was sustainable development or operational activities, any reform must enhance the Council's coordination function and avoid further fragmentation of the United Nations system or further duplication of activities. His delegation would elaborate on its thinking in the discussion of those specific items. The United Nations and its Member States must meet the unprecedented challenges presented by the end of the cold war and make the most of the opportunities offered.

24. Mr. JIN Yongjian (China) expressed deep concern at the unbalanced development of the world economy, the widening gap between North and South and the fact that the peace and development for which the people of the world had longed had not come with the end of the cold war. The current world economy was unbalanced, unstable and uncoordinated. In addition to the chaos on financial markets in Western Europe, the coordination of economic policies among the major developed countries had failed to work, with serious consequences for world economic growth and for the economic development of developing countries. Over the past year, developing countries had been making active efforts to adjust and reform their domestic economies. On the whole, however, they had not achieved the expected results. While most developing countries had voluntarily and unilaterally opened their markets and liberalized their trade, developed countries had become more protectionist and had increased their trade barriers; the Uruguay Round was still deadlocked. While developing countries had endeavoured to adjust their economic structures, developed countries had reduced their financial assistance and imposed stringent political conditions. While developing countries were seeking to integrate their economies into the world economy, a small number of developed countries continued to dominate and manipulate the decision-making process and coordination of that economy. Developing countries were being further marginalized and the gap between them and the developed countries in the economic, scientific and technological fields was steadily widening. The structure of the world economy remained unjust and inequitable and the deterioration of the global economic environment remained the main obstacle to efforts to lift developing countries out of poverty.

25. During the period of transition to multipolarity, a new order based on justice and equity must be gradually established. The United Nations had held a number of important meetings in recent years aimed at promoting international cooperation for development in the 1990s. Nevertheless, the developing countries continued to wonder whether the international community, and developed countries in particular, would respond positively to their needs by carrying out the necessary reforms in the areas of trade and external debt,

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abandoning their discriminatory policies, to bringing the Uruguay Round to a successful conclusion, to strengthening the coordination of economic policies and ensuring the effective participation of developing countries. The United Nations had a unique role to play in that process. It should give development first priority in economic forums and should supervise the implementation of the important instruments it adopted. It should also seize the opportunity to strengthen its role in the field of economic and social development through its ongoing restructuring effort.

26. Revitalization in the economic and social fields was high on the agenda. Various parties had stated their views. China supported all reform measures aimed at raising the efficiency of the Organization, strengthening international cooperation and promoting the development of the developing countries. The reform must observe the relevant provisions of the Charter, however, and should not compromise Member States' sovereignty or be used as a pretext for imposing conditionality on assistance provided through the United Nations system. Resolution 45/264 set forth explicit objectives and important principles in that regard. No reform measure going beyond the content of that resolution would be desirable. China had made specific suggestions to the Ad Hoc Open-Ended Working Group of the Economic and Social Council.

27. Regarding follow-up to the Rio Conference, his delegation was in favour of establishing a new global partnership for the realization of the objectives of sustainable development. The end of the Conference did not mean "mission accomplished"; on the contrary, the international community must shoulder its responsibilities and take effective follow-up action, and the developed countries should fulfil their commitment to providing "new and additional" financial resources and to transferring technology on preferential terms. With regard to the establishment of a Commission on Sustainable Development, China hoped that all parties would abide by the principles embodied in the Rio Declaration and act in a spirit of equity and mutual benefit.

28. With regard to operational activities for development, resolutions on UNDP and on new dimensions for technical cooperation were still highly significant and should be reflected in the on-going reform. Meanwhile, interpretations of resolution 44/211 continued to vary from one agency to another. The questions of "national execution" of projects and decentralization were yet to be genuinely resolved. National execution was a very important means of increasing the self-reliance capability of the recipient State, which should, for instance, have the right to review and approve individual projects, because it was at the national level that the needs in terms of operational activities for development were best known. His delegation hoped that the question would be resolved once and for all on the occasion of the triennial policy review. In that connection, the shortage of financial resources was a major issue. The annual growth rate of resources allocated to such activities was far lower than that stipulated by United Nations resolutions. His delegation hoped, therefore, that donor countries would increase their contributions.

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29. China's economic outlook was a matter of interest to the whole world. Reform in China had now entered a crucial stage. It would bring about a fundamental change in the old system, which constrained productivity, and would establish a new system full of vitality. China would speed up efforts to transform State enterprises, develop a market-oriented structure, reform distribution and social security systems and improve governmental functions. At the same time, it would endeavour to absorb larger amounts of foreign capital, resources and technologies. It would also undertake reforms in the political field. China's political stability, successful reforms and healthy economic development would make a significant contribution to world peace and development.

30. Miss Diop (Senegal), Vice-Chairman, took the Chair.

31. Mr. BARAC (Romania) said that 1991 had been a very difficult year for the world economy; in that year, for the first time since the Second World War, the world output of goods and services had fallen. The main reason for that situation had been the disruption of the economies of the countries of Eastern Europe and the former Soviet Union, particularly since 1990. As rightly stated in the World Economic Survey 1992, the region was in the grip of a savage economic contraction. Meanwhile, in the developing countries, overall economic growth - which had averaged about 3.4 per cent, approximately the same as in 1989 and 1990 - had remained sluggish. Growth in the developed countries had fallen to under 1 per cent in 1991.

32. The economic recession in the countries of Eastern Europe and the former Soviet Union reflected the huge economic and social problems facing the countries in transition. Those problems, which were examined in depth in the Secretary-General's report on the impact of the recent evolution of East-West relations on the growth of the world economy (A/47/403), were unprecedented in magnitude, stemming as they did from a complete change in the system, not only in economic but also in social and political terms. In that process, the countries in transition were severely constrained by a shortage of resources, a lack of technical skills, especially managerial skills, and outdated technologies and production structures. Their level of development was comparable to that of middle-income developing countries.

33. The reforms undertaken in those countries would undoubtedly generate the revitalization of economic growth and sustainable development. A successful transition and resumed growth in Eastern Europe would benefit the world economy as a whole, as many ministers had stated during the debate in the high-level segment of the July 1992 session of the Economic and Social Council.

34. The resumption of growth in the countries in transition would stabilize their political and social situation and, by extension, that of the European continent as a whole. Meanwhile, the measures adopted entailed considerable social cost and gave rise to obstacles that could not be overcome without external support, as was recognized, moreover, by the Secretary-General in his

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report on the implementation of the International Development Strategy (E/1992/74). All countries in transition should therefore be given considerable international assistance, which should be targeted and should be consistent with the transformation policies which those countries had chosen to implement.

35. As Mr. Douglas Hurd, Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, had said in his statement to the plenary of the General Assembly in his capacity as President of the Council of Ministers of the European Communities, the European Community and its member States fully supported the transition to democracy and to a market economy by the countries in transition and welcomed the results already achieved.

36. Romania was most grateful to the European Community for the support it had received, which it urgently needed to carry out its reforms. The main objectives of those reforms were similar to those of the other countries in transition in the region, namely democracy and a market economy. The ways and means of achieving them were also the same: respect for human rights, political pluralism, free and fair elections, separation of powers and guarantees of economic freedom.

37. At the same time, the transition in Romania had some special features. The transition had begun violently, with a revolution in which there had been bloodshed. The collapse overnight of a dictatorial political system which had been over-present in all aspects of the country's life had led to the disintegration of the economic system. A majority of the population was completely ignorant of the mechanisms of real democracy and the market economy. Lastly, an economic policy focused on forced industrialization had not capitalized on the country's comparative advantages.

38. Nevertheless, since the past year, a number of political, social and economic measures had been taken in order to open the road to a market economy in Romania. Following a land reform, 80 per cent of the total arable land was now in private ownership. A law on privatization was being implemented with the assistance of several foreign institutions and programmes and a number of State enterprises would soon be privatized. A special programme for the development of small and medium-sized enterprises had been set up with the help of the PHARE Programme. Prices had been almost completely freed; foreign trade had been completely deregulated and the monopolies broken. Since 15 November 1991, exchange rates had been unified and measures had been taken for the reopening of the stock exchange. Romania had thus succeeded in freeing itself from the restraints of the command economy and should become more and more attractive to foreign investment. After laying the foundations of a market economy, Romania was ready to begin a structural reform, including an economic stabilization programme supported by a loan from the International Monetary Fund.

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39. Along the same lines, a round table organized at Bucharest from 4 to 6 September 1992 under the auspices of UNDP and in cooperation with the Romanian Government, for the purpose of examining the global changes in the political and economic environment, had analysed in depth the entire complex process of transition. It had been recognized that applying existing models would not solve the problem of defining the strategy of the transition process and that only a carefully designed strategy based on the lessons of preceding stages could lead to successful transformations.

40. Lastly, he pointed out that Romania had been one of the countries most severaly affected by the Gulf crisis and that the direct losses it had suffered as a result of the crisis amounted to $3 billion. Moreover, Romania was at present deeply concerned by the very high costs that would be entailed by its implementation of the Security Council resolutions on Yugoslavia. That was why his Government wished the Security Council to devise a set of measures that could help States meet the economic difficulties entailed by the implementation of sanctions. For example, a standing Compensation Fund, to be administered by the Security Council, could be set up. The existence of such a fund would encourage States to cooperate with the Council in the management of crisis situations.

41. Mr. YEMEL (Turkey) said that the economic policies of all countries were in the process of converging and were geared towards achieving a market economy. In order to sustain that trend, the international economic environment had to be favourable. But, for the first time in 50 years, world output had fallen.

42. The developing countries were still faced with heavy foreign debt, unfavourable terms of trade, pervasive poverty and environmental degradation. The countries of the European Community faced uncertainties in monetary questions and, like most of the industrialized countries, persistent recession and unemployment. The economies in transition in Central and Eastern Europe had continued to deteriorate.

43. It was against that background that the conclusion, after many years of discussion, of the Uruguay Round of trade negotiations was awaited. It was crucial to avoid a recrudescence of protectionism as it was only through free trade that the flow of foreign investment into the developing countries and their integration into the world economy could be promoted.

44. Although important strides had been made in overcoming the debt crisis, it was still acute, especially for low-income countries, and required close monitoring if social and political upheavals were to be avoided.

45. It was also necessary to ensure that the pledges made during the Conference on Environment and Development were respected by all.

46. Mr. KUDRYAVTSEV (Russian Federation) said that during the discussions in the plenary meetings of the General Assembly and in the Second Committee, many representatives had asserted that the democratic victory in the cold war had opened up unique opportunities for addressing, through the joint efforts of States, the most acute problems of humanity. But it must be remembered that the liberation of humanity from totalitarianism entailed formidable costs. A large group of countries, to which Russia belonged, was encountering very serious problems during the current period of transition which could certainly not be resolved quickly. That situation had been aggravated by the fact that the response of the more prosperous countries had not been adequately dynamic. Protectionist barriers still existed and the volume and quality of direct private investment in the economies in transition were clearly inadequate. It went without saying that those comments did not mean that the countries in transition were not grateful for the international help they had been given.

47. For those reasons, it was essential for the socio-economic sector of the United Nations to pay considerably more attention to the problems of economies in transition. That strategic goal was fully in keeping with the universal character of the Organization and would help to meet the needs of a large part of the world community. The fact was that today dozens of countries in Europe, Asia, Latin America and Africa were going through different stages of the transition to a market economy. That new strategic goal would also give a new impetus to the work of the socio-economic sector of the United Nations and contribute to its revitalization.

48. Russia fully supported the new approach enunciated by Mr. Boutros Boutros-Ghali in a number of documents, including his report on the work of the Organization (A/47/1) and his report during the ministerial meeting that had taken place during the Economic and Social Council's summer session (E/1992/82), in which he advocated a determined joint effort aimed at a comprehensive resolution of world problems in their many aspects. At the current stage, the problem of developing a new model for multilateral economic negotiations had become a practical need. That model should be more flexible and should give more attention to the economic or environmental dangers to security and preventive measures against them. The task was especially timely at present, when large trade groupings were emerging and new States were coming into being, with the unpredictable regional and continent-wide consequences that would entail, including those of the aggravation of migratory flows.

49. Since the last session of the General Assembly, several major events had taken place, including the United Nations Conference on Environment and Development, which had enabled the international community to express a new consensus. It was to be hoped that the high-level commission on sustainable development to be established during the current session would ensure the effective multilateral cooperation required in that area in the interests of all States. The decisions taken at UNCTAD - VIII, in the "Cartagena spirit", which aimed at the adjustment of that international organization to the new

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goals of international trade, took into due consideration the economies in transition and should contribute to their integration into the world economy.

50. It would scarcely seem an exaggeration to say that one of the main factors which might now, and still more in the long term, affect the dynamics of world economic relations was the reform of the Russian economy. That reform consisted of basic structural transformations, one of the main objectives of which was to encourage demand with a view to creating new jobs and attracting foreign investment, since the economy could only be revitalized by creating a genuine market and by developing investment. That was why current legislation in Russia envisaged a regime which was equally favourable to foreign investors and indigenous enterprises. International guarantees for foreign investors in Russia were in the course of preparation, in particular in the form of bilateral agreements. So far, 14 agreements of that kind had been concluded. Russia had also acceded to a number of international agreements with investment-related aspects, and was contemplating the establishment of an independent body to ensure foreign capital against political risks. In addition, domestic legislation on investments had accelerated. The Parliament of the Russian Federation was currently examining a whole range of texts to that effect, in particular a bill on free economic zones and a series of amendments to the law relating to foreign investments.

51. Once that problem had been resolved, new opportunities for developing cooperation in respect of investments and trade would emerge, to the benefit of all. In the last analysis, it was not only the partners in those new economic relations which would be the beneficiaries, but all the members of the world community, irrespective of their geographical location and their socio-economic level.

52. Ms. FREUDENSCHUSS-REICHL (Austria) said that a new concept of security was emerging which encompassed both economic and social aspects and respect for human rights and the environment; she hoped that that would lead to greater solidarity between nations.

53. Recognizing the role of the United Nations system in that context, her delegation attached the highest importance to the efforts being made to enhance the Organization's capability in order to enable it to discharge its responsibilities under the Charter. It was crucial to ensure that decisions on institutional reform were not only compatible, but mutually reinforcing.

54. In the economic and social fields, it was therefore essential that the United Nations concentrate its activities on those aspects where it could in fact have a decisive effect. The United Nations was uniquely suited to elaborate new concepts of international cooperation. It was also in a position to formulate an integrated response to the major challenge of the contemporary world, namely the establishment of patterns of development that were sustainable both in the North and the South.

(Ms. Freudenschuss-Reichl, Austria)

55. Furthermore, thanks to its vast wealth of data and analysis, the United Nations could play a particularly useful role by providing policy advice, particularly in respect of cross-sectoral issues. It would therefore be useful to consolidate its research and analytical capabilities. Her delegation had therefore proposed the establishment of an integrated reporting system which would culminate in the preparation of a report on the status of the world's sustainable development.

56. Lastly, through its operational activities, the United Nations system had an essential role to play in the field of development cooperation. At the same time, it was essential to ensure that the assistance it provided continued to be universal, neutral, non-political and flexible, and that it was made available in the form of grants which were not tied to conditions.

57. Mr. Piriz-Ballon (Uruguay) resumed the Chair.

58. Mr. BATHIA (International Monetary Fund) noted that the agenda of the Second Committee was forward-looking, and more comprehensive and truly global in concept. Thus the Committee was to debate the progress achieved in the implementation of various recently-adopted instruments in the economic and social spheres, and also in the field of the environment. There would also be linkage with the discussions to be held in the Third Committee on the possibility of holding a summit meeting on social issues.

59. The first years of the current decade had been characterized by a welcome paradox. Some 35 developing countries had achieved satisfactory economic results through the implementation of structural adjustment policies enabling them to reduce their budgetary deficits, liberalize external trade and promote private enterprise. They had succeeded in reducing their debt and could look forward to a continuing growth in their economies. The industrialized countries, on the other hand, had not carried out structural reform and had not balanced their budgets, and had seen a slower rate of growth, while unemployment had increased and their cooperative arrangements had declined. It was thus apparent that reforms were necessary in both the developing countries and the developed countries, and that such reforms were required for macro-economic stabilization, to ensure greater play for market forces, and structural adjustment.

60. The countries of central and eastern Europe, although embarked upon the transition to a market economy, were still subject to problems relating to structural distortion. In that connection, the Fund stressed the need for systematic reform aimed at developing markets and stimulating private enterprise. Those countries were also in need of financial and technical assistance. The same was true for many of the developing countries, particularly in sub-Saharan Africa.

61. There was talk too often of a shortage of investment capital and of structural reforms. In fact, it was not so much a matter of shortage as of

(Mr. Bathia, IMF)

misuse of capital and savings. Against that background, it was scarcely to be expected that there would be a growth in official development assistance in the immediate future. Admittedly, there had been a substantial increase in the transfer of resources to the developing countries, but it would be unrealistic to count on overall external financing for the activities envisaged under the International Development Strategy and other United Nations programmes. It was time to cut the umbilical cord between growth in the developing countries and foreign aid. Such countries should seize the opportunity and, by themselves, endeavour to eliminate poverty. It would be recalled that, when the Strategy had been adopted, it had been decided that the Strategy would be adjusted as the needs of the world situation required. Accordingly, account should be taken, in considering the progress achieved in its implementation, of developments in the relationship between economic growth on the one hand, and domestic policies and external assistance on the other.

62. It remained the case that the situation prevailing in the industrialized countries affected that of the developing countries, and that interdependence was indeed a reality. It was thus in the interests of all that the developed countries should re-establish a stable monetary framework and economic recovery. In the light of the inadequacy of cooperative arrangements, various appeals had been made for the Fund to assess more actively the status of those arrangements. The Executive Board would consider that issue in the coming months and would report to the Board of Governors.

63. In connection with the revitalization of the United Nations in the economic and social fields, the Secretary-General had, like many others, emphasized the need for the collaboration with the Bretton Woods institutions. For some years the Fund had been intensifying its cooperation with the United Nations, on a reciprocally advantageous basis. It hoped to be involved in the Committee's deliberations in a mutually satisfactory manner as and when issues of common concern were raised.

64. Mr. MROZIEWICZ (Poland) said that while world output in 1992 was practically stagnant, there were wide disparities among regions. Above all, a protracted decline in production had been experienced in the transition countries, amounting to some 30 per cent over the past two years. There were very few examples in modern economic history where a whole region had experienced such a critical situation.

65. However, that global transition opened up unprecedented prospects. There was wider acceptance of the concept of a form of development which was people-oriented, equitable and sustainable. Such development could be sustained only by unleashing the creative energies of all people through a competitive market mechanism. Structural adjustment and good economic governance in conditions of democracy and respect for human rights were essential factors in bringing about the sustained development to which all countries aspired.

(Mr. Mroziewicz, Poland)

66. Multilateral cooperation played a fundamental role in that respect and its effectiveness depended to a large extent on the concerted efforts of the United Nations. The Polish delegation noted with satisfaction that many efforts had recently been undertaken to revitalize the United Nations system, particularly in the economic and social fields. It noted with particular interest the views expressed on the linkages between the political, economic and social tasks of the Organization, the respective roles of the General Assembly and the Economic and Social Council, and the need to review the economic and social agenda and to establish a balance between functions performed at Headquarters and those carried out by the United Nations system at country and regional levels. The Secretary-General rightly placed an emphasis on the interdependence between national efforts at revitalizing growth and development and the harmonization of international economic and social policies, which was considered as part of an integrated approach to peace-building and collective security.

67. There was a need to strengthen the role of the United Nations in the area of social development. The promotion of integrated economic and social policies, focused on the human factor, was increasingly gaining support from Member States. By addressing such essential issues as human rights and social justice, which were strictly connected with the economic performance of each country, the United Nations would be able to approach key global issues in an integrated manner. The revitalization of economic cooperation within the United Nations should be an important element of the reform process. United Nations activities at the regional level should be carefully tuned to and integrated with the efforts of the Governments concerned. They should also be of practical application in order to attract wider involvement on the part of the business community. A modest increase in the budgets of the relevant organizations should be envisaged, particularly with regard to the Economic Commission for Europe. Strengthening international cooperation in Europe and assistance to the economies in transition were scarcely compatible with the principle of a zero-growth budget. Poland attached singular importance to the ongoing dialogue on operational activities for development. Many valuable ideas had been put forward which enjoyed wide support. Poland particularly endorsed a unified United Nations presence at country level, a presence which should be more effective and better coordinated.

68. In its deliberations, the Second Committee should take into account the results of the Earth Summit. The United Nations system, the Bretton Woods institutions included, should put the Rio Declaration higher on its agenda. The idea of creating a high-level Commission on Sustainable Development merited closer consideration. The debate should encompass such issues as eco-conversion, responsibility for nuclear accidents and efficient utilization of energy and non-renewable natural resources.

69. It was well-known that Poland was undergoing deep socio-economic changes and therefore paid special attention to those activities of the United Nations system which aimed at providing assistance to transition countries. Foreign

(Mr. Mroziewicz, Poland)

technical and capital assistance were important instruments supporting such processes. Poland stood ready to share its experience in that area with other countries. The process of reforming the Polish economic system was already well advanced, but it was not an easy task and the price to pay before the reforms bore fruit was very high. Nevertheless, there were already signs of progress in various sectors of the economy. Foreign assistance in management, entrepreneurship and privatization were worth pursuing. Some of the decisions taken at the Munich Summit indicated that greater attention should be given to transition in the former communist countries. One possible arrangement would be to admit those countries to the Organization for Economic Cooperation and Development, a follow-up to the Marshall Plan, which had originally been meant to cover all of war-ravaged Europe. Poland had been unable to take a sovereign decision on participation. His country wished to join the European Community, and its concern to form ties with industrialized countries was demonstrated by its cooperation with Hungary and Czechoslovakia, and with its Eastern neighbours. It was also enhancing its cooperation with the developing countries, to which end it was ready to use multilateral forums to a greater extent.

70. Intensification of the multilateral dialogue which was taking place in the new political climate created favourable conditions for the reform of the United Nations. Moreover, a broad convergence of views had emerged on several key aspects of the future functioning of the Organization.

71. Mr. PAULINICH (Peru) said that, like the majority of developing countries, his country was starting to rebuild its economy. The results recorded in 1991 represented great progress compared with the previous year, particularly in terms of inflation, currency reserves and the budget deficit.

72. In order to consolidate that process and proceed with monetary and other reforms, as well as with privatization, a stage of sustained economic revitalization had to be undertaken that would enable a response to the basic needs of the most vulnerable sectors of the population. That could only be done if international economic circumstances were favourable. In that context, it was a matter of concern that, for the first time in 50 years, the world economy had produced negative results. It was therefore crucial that the industrialized countries should reduce their budget deficits and the subsidies which they gave to uncompetitive sectors of their economy. The Uruguay negotiations should also be completed as quickly as possible, the debt of middle-income countries should be alleviated and the transfer of resources, including by means of direct investment, should be increased.

73. World developments were such that the United Nations was in a better position to discharge its task under the Charter. It was therefore vital to enhance the process of economic and social revitalization, to define the respective tasks of the General Assembly and the Economic and Social Council and to rationalize their agendas. The new methods of debate within the

(Mr. Paulinich, Peru)

Council should also be modified and the portion devoted to committees should be eliminated; the reports of subsidiary bodies could then be considered in the plenary meeting.

74. Discussions regarding the decision-making process where operational activities were concerned should take into account the need to find a happy medium between efficiency at the executive level and the principle of equitable geographical representation. The Economic and Social Council was the most appropriate forum in which to discuss and decide the policies the organizations of the system should follow. Any initiative for international cooperation should be adopted by the Council, thereby reinforcing its role of coordination.

75. The financing of operational activities should be steady and predictable but should not overburden the recipient countries. It was also important to uphold the principles of universality and impartiality governing the delivery of assistance by the organizations of the system. Assistance should continue to be given unconditionally.

76. The Committee should follow up at its current session the decisions taken at the Rio Conference and should set up the Commission on Sustainable Development, which would be asked to monitor the implementation of Agenda 21. The commitments undertaken at Rio regarding additional financial resources and the transfer of technology should be respected.

77. Mr. NOBILO (Croatia) said that the wheel of history was turning more and more quickly. The world had just witnessed the collapse of communism in most of Central and Eastern Europe and the setting in motion of democratic processes which had previously been suppressed or never existed in the region and which had been welcomed enthusiastically around the world. It had quickly become evident that, while those processes certainly brought new freedoms to the peoples of the region, they also created enormous structural problems. The first of those problems had been economic collapse, followed by social problems and ethnic strife. The dismantling of alliances and artificially created States had also occurred. Unfortunately, the post-Communist era had created one of the most serious crises in modern history, the war in what was once the State of Yugoslavia.

78. His delegation could testify to the efficiency of United Nations capabilities in the particular role of securing peace and stability in Croatia. Croatia shared the United Nations Members' enthusiasm for peace in the region, but also expected the United Nations to provide solutions to existing economic problems as well.

79. The follow-up to the United Nations Conference on Environment and Development was of the utmost importance for the developing world. There would have to be guidelines to assist implementation of the Rio measures, and decisions relating to the new Commission on Sustainable Development were

(Mr. Nobilo, Croatia)

required. An important task ahead was taking effective steps to ensure the application of Agenda 21, adopted at the Rio Conference. That was a sensitive question since, owing to the seriousness of their everyday problems, not all countries had yet worked out a generally accepted platform for sustainable development in economic, social and environmental terms.

80. As a new Member State, Croatia did not yet have much experience in organizational matters. However, it felt that there was some overlap in the system with regard to the implementation of development programmes. His delegation fully supported the Secretary-General's effort to restructure the system, which had already yielded some results, and was vitally interested in the triennial policy review of operational activities, which should lead to a real improvement in the delivery of development assistance.

81. Croatia had been particularly affected by the profound changes in the world in recent years. It had been built on the ruins of communism and born of the ill-conceived and artificially constructed State of the former Yugoslavia. Croatia was a developing country suffering from the results of a poorly managed communist economy, and also from brutal attacks and unprecedented destruction of its human, cultural and industrial resources. It continued to need extensive international support to start new development by mobilizing its potentially sound human and natural resources. Croatia needed international cooperation and assistance to eliminate the consequences of war, to facilitate its recovery and to alleviate the effects of the conflict in the neighbouring Republic of Bosnia and Herzegovina, which had caused an influx of refugees. Those problems needed to be resolved simultaneously. Croatia had set forth its position in document A/47/242. What had happened in Croatia constituted an example of an environmental disaster in the broadest sense of the word. Some parts of the country had been destroyed, the social balance had been severely damaged, part of the cultural heritage had disappeared, 10,000 people had lost their lives and more than 350,000 displaced persons had been severely traumatized. Croatia offered an excellent opportunity for the international community to apply its global development approach and provide an immediate response to humanitarian emergencies at the same time.

82. The CHAIRMAN drew representatives' attention to the Committee's revised work schedule (A/C.2/47/L.6).

83. Mr. BARNETT (United Kingdom), speaking on behalf of the States members of the European Community, said he was most surprised that the consideration of item 90, regarding the consequences of the Chernobyl disaster, had been postponed. The delegations of the Twelve saw no need to wait for the report from the Kiev meeting. They wished to reiterate that they would oppose the approval of a new Secretariat post in the budget under that item and would

(Mr. Barnett, United Kingdom)

submit a draft resolution for an in-depth study of the activities undertaken in that area. They recalled that several organizations were involved in studying the effects of the disaster and maintained that the United Nations should concentrate its efforts in those areas where it had a comparative advantage.

The meeting rose at 1.05 p.m.